

BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR 1/109

11 April 1960

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

APR 13 1960

W A R N I N G

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Summary of Events
25 March - 7 April 1960

Burma has allowed clearing account agreements with Czechoslovakia and the USSR to expire as of 31 March. These agreements are the only active clearing accounts remaining from the trade and payments agreements which Burma signed between 1954 and 1956 with eight Bloc countries. Burma has terminated the agreements because of its extreme dissatisfaction with many of the results of bilateral trade. After balances in the clearing accounts have been liquidated, trade with these countries probably will continue on a cash basis.

Ethiopia and the USSR have jointly announced the signing of a protocol to implement the \$100 million Soviet credit arranged during the visit of Haile Selassie to Moscow in July 1959. Ethiopia also has agreed to accept a technical school to be built by the USSR near Baherdar. A Soviet gift of an Il-14 aircraft has already been delivered to the Emperor.

Iraq has signed a contract with the Soviet firm Tekhnoeksport to prospect for oil in Khanaqin near the Iranian border. The Soviet firm will supply all the necessary experts and equipment. This project is part of the economic and technical assistance agreement signed on 16 March 1959.

On 31 March, Cuba signed a trade and payments agreement with Poland, the first such pact between the two countries. In addition, an agreement was concluded providing for Polish technical cooperation, scientific assistance, and credits for the purchase of industrial equipment.

Bloc countries are taking advantage of current domestic economic problems in Greece to press for increased trade, and some of their overtures have been relatively successful. Barter transactions concluded recently specify that: (1) Poland will build a sugar refinery at Serrai in exchange for Greek agricultural products; (2) Czechoslovakia will supply Greece with telecommunications equipment worth \$3 million in exchange for tobacco; and (3) Rumania will supply technical assistance and equipment for oil prospecting in central Greece, services to be paid for with Greek agricultural products. An immediate solution to the problems associated with marketing certain agricultural products cannot be expected. The Bloc will therefore remain a tempting outlet for Greek exports, and it may also become an increasingly attractive source of capital funds and equipment for Greek industrial development.

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Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010109-0

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